

Title: Requests the Central Government to disallow Mr. Sivasankaran, an NRI to purchase the disputed Tamil Nadu Mercantile Bank shares from Essar Group to restore the management of the Bank to the original promoter community.

SHRI VAIKO : Mr. Speaker, Sir, I wish to bring to the notice of the Government a matter about which millions of people are terribly agitated and concerned in the State of Tamil Nadu and about which all the Members of Parliament from Tamil Nadu, cutting across party lines, have submitted a memorandum to the Government of India and to the hon. Prime Minister of India. That is the problem afflicting the Tamil Nadu Mercantile Bank Limited.

Sir, in the year 1921, the people of backward Nadar community have started a bank named 'Nadar Bank' which was later renamed as Tamil Nadu Mercantile Bank Limited. Due to the efforts of the promoters of the community, the Bank has grown up and now it has 143 branches with a deposit base of about Rs.1,600 crore. When such is the case, M/s. Essar Group started acquiring the shares of the Tamil Nadu Mercantile Bank.

A total of 67.29 per cent shares were bought by them. Alarmed that the bank is going out of their hands, the Nadar community in Tamil Nadu came together and formed a forum called Nadar Mahajana Bank Share Investors Forum to retrieve the shares from the Essar Group.

Sir, in the meantime, the shares of the Tamil Nadu Mercantile Bank which were acquired by Essar Group were not transferred in their name due to the intervention of the Reserve Bank of India. Instead of these disputed shares being given back to the original promoter community, the Essar Group have reportedly sold them in favour of one, Mr. Sivasankaran, an NRI, who is now making all out efforts to transfer those shares.

MR. SPEAKER: You need not read the entire matter.

... (Interruptions)

SHRI VAIKO : Sir, it is a very serious matter. The whole State is concerned. You do not know the problems there. All the political parties in my State are concerned about this. This is a major issue over which many agitations have taken place. I am bringing it to the notice of the Government because the Government should not allow that particular NRI, who has committed certain irregularities and whose credibility is under shadow to purchase the shares which has been objected by the Reserve Bank of India previously.

This NRI has declared to various financial institutions in his application for crediting limits, that he has purchased the disputed Tamil Nadu Mercantile Bank shares from Essar Group for Rs.135 crore. At the same time, Mr. Sasi Ruia of Essar Group in his letter to the Governor of Reserve Bank of India dated 22nd August, 1997 has stated that the Essar Group has received a consideration of Rs.90 crore only for the sale of the said shares. This clearly shows that Mr. Sivasankaran has made false statements to various statutory/constitutional authorities. (Interruptions)

MR. SPEAKER: No, you cannot read this statement.

... (Interruptions)

SHRI VAIKO : I will take one minute only and conclude.

I would appeal to the Government of India to take cognizance of this matter and direct the concerned authorities for an amicable settlement so that the management over the Bank is restored to the original promoter community.

The Government and the Reserve Bank of India should direct either formally or informally Mr. Sivasankaran to settle with the Forum which represent the Nadar Mahajana Bank Share Investors Forum failing which Government/Reserve Bank of India should take a firm stand that at no time the transfer of the shares will be effected in the name of the companies owned by Shri Sivasankaran. ... (Interruptions)

MR. SPEAKER: Shri Vaiko, you are again doing the same thing.

... (Interruptions)

SHRI VAIKO : With these words, I conclude.